

## MONTHLY REPORT FROM THE USAID SUPPORT FOR TRADE ACCELERATION PLUS PROJECT

APRIL 2012

### Legislative Function and Processes

**Public Hearing at the National Assembly:** At the request of various committees of the National Assembly, USAID STAR has been sharing the U.S. experience with using Congressional hearings as a mechanism for oversight of the operations of the Government since STAR I. It has been the focus of study missions and advice from visiting experts on several occasions. The most recent was a joint UNDP/USAID STAR Plus workshop with Professor Bill Frasure from Connecticut College. USAID STAR Plus then sent a paper and a checklist on this topics to various committees of the National Assembly. These efforts are beginning to bear fruit. On April 24, the National Assembly conducted its first formal Committee hearing. The topic was traffic and the Minister of Transportation was summoned to testify at the hearing. The proceedings were televised and covered by many newspapers. Ordinary citizens were able to send text messages with questions for the National Assembly Committee Chairmen, some of which were very pointed and difficult. We expect the National Assembly will conduct many more such hearings in the future and will formalize this process in the Law.

**Former U.S. Trade Representative Presents TPP at National Assembly Workshop:** Former US Trade Representative, Ambassador Susan Schwab, visited Hanoi on April 19, shortly after the visit of Professor Peter Petri, which generated a lot of positive interest in the TPP. Ambassador Schwab joined the National Assembly's Foreign Affairs Committee at a workshop on "Negotiating and Concluding FTAs." The event was attended by approximately 90 people. She met with a smaller group chaired by the Foreign Affairs Committee Vice Chairman, Dr. Ngo Duc Manh, and other National Assembly Deputies in the afternoon. Later, she met with National Assembly Vice Chairman Nguyen Thi Kim Ngan. The National Assembly members showed great interest in learning more about the TPP and they said they are very committed to supporting the TPP because it will be very beneficial for Vietnam, both in terms of economic gains and as a means of accelerating reforms

**MEI Index:** The Vietnam Chamber of Commerce and Industry (VCCI) informed USAID STAR Plus that the Ministry of Transportation and the Ministry of Finance met with them to discuss how they could improve their performance on legal development and implementation to improve their Ministerial Effectiveness Index (MEI) score. Both ministries sent formal requests to all reporting agencies calling for them to improve their MEI scores after VCCI reported the MEI results to the Prime Minister.

**OOG Study Tour:** The Office of the Government Study Mission on Government Organizational Structures concluded on April 25. The 11 member delegation, which was headed by OOG Vice Chairman Pham Van Phuong, included eight Directors General from the OOG, representatives of the Ministry of Justice, the Ministry of Public Security and the Ministry of Foreign Affairs. The delegation spent five days in Washington, D.C. before flying to Missoula, Montana and Los Angeles, California.

Meetings in Washington included the USAID Assistant Administrator for Asia, the Canadian Embassy, USTR, the National Security Council, the White House Office of E-Government and Information Technology, OMB, the Senate Homeland Security and Government Affairs Committee, Regulations.Gov, the EPA Office of Congressional and Intergovernmental Relations, the House Oversight Subcommittee on Government Organization, Efficiency and Financial Management, the office of Senator Max Baucus, Data.gov (GSA), and the Department of State's Bilateral Trade Affairs Office. In Montana, the group met with the Mayor of Missoula, the Missoula County Commission, and Federal District Judge David Christenson. They also met with University of Montana Political Science Professor James Popach, who lectured them on "the Theory and Reality of Federalism. On Friday evening, the President of the University of Montana hosted a dinner for the group and selected faculty members. Before leaving Missoula, they met with David Wanzenried, a member of the Montana State Senate since 1974. On Saturday, April 21, they flew to Los Angeles via Seattle and met with the City Controller and the Civil Service Commission of Los Angeles before flying back to Hanoi. The OOG told the USAID STAR Plus Director that they were extremely pleased. They said that they now have a much better understanding of how the US deals with issues like decentralization and transparency that they have been struggling with. They added that, while they cannot simply adopt the US model, the lessons they learned have given them exactly what they need to formulate a Vietnamese approach.

### **Trade and Investment Enabling Environment**

**Customs Assessment and Training:** Janet Labuda, a former senior official from the U.S. Customs and Border Protection Service, visited Vietnam from April 8 to 13 to undertake an assessment of Vietnam Customs needs with respect to likely TPP commitments. She covered a range of topics, including advance rulings, release of goods, express shipments, risk management and transit goods. During her visit, USAID STAR Plus and Vietnam Customs conducted a 3-day seminar to on various customs issues with senior Vietnamese officials, visit the Port of Hai Phong, one of the busiest in Vietnam.

**Survey of Businesses on Joining the Vienna Convention on the International Sales of Goods (CISG):** USAID STAR Plus supported MOIT in surveying businesses and lawyers throughout Vietnam on the need to join this convention. This was part of a larger effort to help the Ministry of Industry and Trade finalize their submission to the Prime Minister on joining the Convention.

**Food Safety Law Implementation:** On April 25, USAID STAR Plus held three meetings related to the Law on Food Safety. The first was with the Food and Agriculture Export Alliance (FAEA), the US Department of Agriculture (USDA) and the Plant Protection Department of the Ministry of Agriculture and Rural Development (MARD). The second was between USAID STAR Plus and the FAEA/USDA. The last was with FAEA, USDA and the Ministry of Industry and Trade (MOIT) to discuss the process for development of the plant protection law, progress on implementation of the Law on Food Safety and future cooperation between USAID STAR Plus and FAEA to carry out training/capacity building on implementing the Law on Food Safety. The discussion included several trainings programs on food safety that USAID STAR Plus recently carried out, including

training on risk assessment on meat and poultry, on vegetable and on milk products. There was consensus among the participants that a focus of future training should be assessing the risks to human health from imported infant formula/imported milk powder and how to effectively use a risk-based inspection system for imported infant formula.

**Dairy Risk Assessment Training:** USAID STAR Plus conducted a very successful, 5-day training program on dairy risk assessment in Ba Vi for approximately 40 people. The participants came from various ministries (MOIT, MARD and MOH), milk associations, dairy producers, importers, and research institutes. Two former Food and Drug Administration officials, Dr. Cathy Carnelvale and Robert Childers, provided a comprehensive overview of the U.S. system to ensure the safety of dairy products, including law and regulations governing dairy products, food safety dairy risk assessment included in the WTO Agreements on SPS and TBT and Codex provisions, management of high risk dairy products and a comparison of dairy regulatory models. The principal message that came across to the participants was that risk assessment must be based on science. The training included visits to commercial dairy operations and a food safety research facility. The evaluation forms collected at the end of the workshop indicated the participants greatly appreciated the training and they felt they had learned a lot from the U.S. experts. MOIT officials and other participants expressed a strong desire to have USAID STAR Plus provide additional, in-depth technical assistance on risk assessment, including conducting a pilot risk assessment on a specific dairy product that could be used as model for Vietnam to develop risk assessments for other products in the future.

**Assessment of TPP Benefits:** Dr. Peter Petri of Brandeis University, co-author of a recent paper titled, “The Trans-Pacific Partnership and Asia-Pacific Integration traveled to Vietnam from April 9 to April 13. His paper, which was co-authored with Michael Plummer of Johns Hopkins University and Faz Zhai of the China Investment Corporation, concluded that by 2025 the welfare gains from the Trans Pacific Partnership Free Trade Agreement would rise to \$104 billion per year. Of the nine countries in the TPP, Vietnam would gain the most in percentage terms. USAID STAR Plus arranged for Dr. Petri to speak to over 350 persons from the Government and private business in eight separate events. They included the Ho Chi Minh Academy which is the main policy research body of the with Communist Party, the Central Institute for Economic Management, the Foreign Affairs Committee of the National Assembly, the Ministry of Trade and Industry, the Foreign Trade University and the Diplomatic Academy of Vietnam.

**TPP Research for MOIT:** USAID STAR Plus identified five highly respected experts (Alan Wolff, Janet Labuda, Lance Compa, John Magnus, Robert Rogowsky) to work with MOIT on high priority research topics related to the Trans Pacific Partnership Free Trade Agreement, The topics include:

- Labor and trade union – US and Singapore experiences;
- Yarn Forward Rules and FDI;
- US self-certification rule of origin;
- Government procurement – US experience;

- US experience in dealing with frauds in declaring origin (customs);
- FTA and effect on trade; and
- Non-market economy status in the US.

USTR, however, expressed reservations about this exercise, particularly the non-market economy status issue. Assuming USTR concerns can be allayed, the this research will be conducted in June 2012.

**TPP Database:** In response to a request from the Ministry of Industry and Trade, USAID STAR Plus provided the MOIT with USBs containing over 1,000 documents with useful information for TPP negotiators. Each USB included:

- Tariff nomenclature of all TPP countries;
- Bilateral trade data of all TPP countries (HS 6 digit)
- All FTAs of TPP countries including the US and Vietnam;
- Vietnam's WTO Commitments;
- WTO key Agreements (in Vietnamese);
- Reference data and research studies on the TPP.

USAID STAR Plus will develop a web-based version of this material to enable interested people to download the information.

### **Financial Sector Enabling Environment and Fiscal and Monetary Policy**

**Financial and Macro Stability Workshop:** On April 16, USAID STAR Plus and the Ministry of Planning and Investment (MPI) held a workshop on financial and macro stability. The workshop was chaired by Vice Minister Sing of MPI for the entire day and benefitted from the participation of Chairman Vu Viet Ngoan of the National Financial Supervision Commission, former Minister of Trade, Truong Dinh Tuyen and 40 government officials. Participants shared their concerns about the economic slump the country is currently in, stagnation, increasing property-related non-performing loans and discussed measures to address these problems. People agreed that monetary policy needs to be loosened, but increasing fiscal spending and stimulus should not be used. MPI presented their plan to restructure the economy and public investment. They received useful feedback from the audience, who, generally speaking, supported stronger private activities.

**Training on Financial Programming and Early Warning Reports:** USAID STAR Plus conducted a training workshop from April 22 to 25, 2012 on financial programming for 20 professors of economics and public policy at the Institute for Development and Policy of the Ministry of Planning and Investment. The participants appreciated the training as it equipped them with practical tools and an

analytical framework to analyze the current macroeconomic challenges and come up with scenarios for the short and medium terms. Mr. Hung, a member of the National Monetary Policy Committee and head of the Institute, instructed the participants to produce monthly and quarterly reports as flagship products of his institute. The skills the participants acquired will be used by the faculty to train graduate and undergraduate students, as well as to provide continuous training for in-service officials of MPI and other ministries. Mr. Hung also requested that the training materials be developed into a textbook for his Institute.

## **Rule of Law**

**Reform of the Criminal Procedure Code:** The Supreme People's Procuracy invited a number of most respected criminal law specialists in VN to review the paper prepared by USAID STAR Plus expert, Richard Shine, last year and develop a proposal based on those recommendations. They also proposed minor changes in the structure of the SPP. Their proposal was submitted and approved by the Central Judicial Reform Steering Committee (CJRSC). The next step is to submit the proposal to the Politburo. The CJRSC has, reportedly, approved several important changes to the criminal procedure code, much of which was inspired by Richard Shine's 2011 report and a STAR II study tour to the United States in April 2010. Important elements include (a) revising the competencies of the prosecution and courts to avoid overlap and to concentrate the power of indictment with the SPP; (b) introducing elements of an adversarial procedure, much of which is to amend the law to provide equal rights for prosecution and defense and to reduce the element of judge-led trials; (c) improving the status of lawyers and their ability to represent clients; and (d) improved safeguards for the defendant. Upon approval from Politburo, the SPP will begin the drafting of the amended provisions. There are indications that, for the first time that anyone can recall, may seek foreign technical assistance in drafting the new provisions.

**SPC Web Portal Development:** SPC posted the translation of two US publications, The Judicial Opinion Writing Manual; and Elements of Case Management: A Pocket Guide for Judges on the SPC Portal:

<http://toaan.gov.vn/portal/page/portal/tandtc/545500/2532991>).

These documents were originally prepared by the US Federal Judicial Center in Washington, D.C. for training US judges. The SPC portal also published the decisions (2006-2009) of the Economic Appellate Court, in addition the decisions of the Judicial Council.

**IPR (Cinema) Training:** From April 25-26, USAID STAR Plus, in cooperation with the Management Training School of the Ministry of Sports, Tourism and Cultural Affairs, conducted a seminar on cinema policy and global economic integration. The seminar covered copyright protection for cinematography, the close relation between copyright protection and the development of cinema industry, as well as the management of the cinema industry. Ms. Susan Lee, Director of Commercial and Legislative Affairs, Asia-Pacific MPAI (Motion Picture Association International), and Dr. Dean Wilson, a USAID STAR Plus consultant, were the main speakers at the

event. The two foreign experts provided the participants with an understanding of the fundamentals of the cinema industry in the US, Korea, and India. They also introduced the concept of movies ratings, which are very common in advanced cinema industry, but not yet used in Vietnam. Three Vietnamese speakers provided participants with an overview of the current legal framework for copyright protection and practical experience in film festivals. The program was attended by approximately 60 government officials from HCMC and other southern provinces. The participants took an active role in the discussions; as a result, the program ran over the allotted time by as much as one hour

**IPR and Technology Management:** USAID STAR Plus participated in a two-day event in HCMC with the Ministry of Science and Technology (MOST) to share the experience with local officials on IPR protection and management of technology. The event was funded entirely by MOST.